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July 8, 1997

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William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

RECEIVED

JUL - 8 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: MM Docket Nos 91-221, 87-8,  
94-150, 92-51 and 87-154

Dear Mr. Caton:

On behalf of Estrella Brillante Ltd. Co-Partnership, licensee of Station WLII(TV), Caguas, Puerto Rico, and Siete Grande Television, Inc., licensee of Station WSTE(TV) at Ponce, Puerto Rico, there is transmitted herewith an original and four copies of their response to the Commission's June 17, 1997 Public Notice, DA 97-1246, wherein the Commission sought more information regarding time brokerage agreements.

Should any questions arise with regard to this matter, kindly communicate directly with either of the undersigned attorneys.

Very truly yours,

KAYE, SCHOLER, FIERMAN,  
HAYS & HANDLER, LLP

By: 

Bruce A. Eisen

Counsel to Estrella

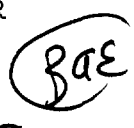
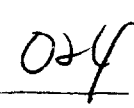
Brillante Ltd. Co-Partnership

LOWENTHAL, LANDAU, FISCHER  
& BRING

By: 

Stuart Shorenstein

Counsel to Siete Grande

Television, Inc.  

Enclosure

# LMA REPLY FORM

MARKET: Puerto Rico DMA #: \_\_\_\_\_

	<u>Channel No. &amp; Call Sign</u>	<u>Network Affiliation</u>	<u>Licensed Community</u>	<u>Owner/ Licensee</u>	Degree of Overlap (%)	Nielsen (all day) Audience Share (9am - midnight)
					City Grade Grade Grade A B	11/96 2/97 5/97
<b>Brokered Station:</b>	Ch. 7 WSTE-TV	None	Ponce, PR	Siete Grande Television, Inc.	100% duplication except on West Coast where WSTE's licensed booster facilities cover 15%	(see attachment)
<b>Brokering Station:</b>	Ch. 11 WLII-TV	None	Caguas, PR	Estrella Brillante TV Ltd. Co- Partnership	of island which WLII is unable to cover	

<b>LMA Specifics:</b>	<u>Date of LMA Signing</u>	<u>Length of Initial Term</u>	<u>Initial Term Start Date</u>	<u>Initial Term End Date</u>	<u>Renewal Provisions/Terms</u> Describe renewal provisions including: (1) length of renewal, (2) at which party's option, (3) whether renewal is automatic, and (4) how renewal option may be exercised.	<u>% Time Brokered per week</u>
	2/6/93	5 yrs	2/10/93	2/10/98	Renewable by broker automatically for 3 terms of 5 yrs unless canceled by broker 6 months prior to expiration	36%
	4/12/95	5 yrs	1/1/95	12/31/99	Modifies and supersedes 2/6/93 broadcast agreement, renewable by broker for 3 terms of 5 yrs unless canceled by broker 6 months prior to expiration	34%*

**Public Interest Benefits: Describe in detail the benefits that have resulted from entering into  
the LMA (attach separate sheet).**

\* The time brokerage agreement is not a typical LMA arrangement since Siete Grande retains a majority of the broadcast week to televise its own programming.

ATTACHMENT TO  
LMA REPLY FORM

Nielsen does not measure Puerto Rico. However, Mediafax is the market's long standing rating service which utilizes in-house people meters in its surveys. The following data is based on sign-on to sign-off:

<u>Station</u>	<u>11/96</u>	<u>2/97</u>	<u>5/97</u>
WKAQ	35%	30%	30%
WAPA	21%	28%	29%
WLII	31%	28%	28%
WSTE	3%	2%	2%

### PUBLIC INTEREST BENEFITS

The history of television broadcasting in the Commonwealth of Puerto Rico is one of great financial distress for those television stations which have attempted to operate as independent licensees. This history also strongly suggests that grossly inferior signal coverage in Puerto Rico has made it extremely difficult for even VHF television stations to survive. The inferior signal coverage is largely attributed to the uniquely mountainous terrain of the island. Puerto Rico is, of course, considered to constitute but a single market. Yet due to the difficult terrain, even a VHF television station is unable to cover all of its potential market. The viability of television stations in Puerto Rico is also affected by the poor economic base. Hence, any station hoping to provide independent programming and which is unable to serve a substantial portion of the market is likely to fail.

The licensees of Stations WSTE(TV), Channel 7, and WLII(TV), Channel 11, believe that the public interest is served by their broadcast agreement under which both licensees program separate parts of the WSTE(TV) broadcast day. This provides efficiencies

and economies of scale that allow the stations to adequately compete in the market.

In the past, licensees of Channel 7 at Ponce have faced constant economic struggle. The major networks which operate on Channels 2 and 4 have maintained their overwhelming ratings and shares, utilizing western affiliates on the island to obtain increased programming coverage. The prior licensees of Channel 11 at Caguas have also faced hard times. The station went dark for several years, but regained the air in the late 1980's.

In 1986, a company controlled by Malrite Communications became the licensee of Station WLUZ(TV), Channel 7. It obtained Commission experimental authorization to establish and install a system of widely spaced transmitters and highly-directionalized antennas at different elevations, which operate simultaneously on the same frequency through the use of precise offset. The authorization became permanent in 1992, and for the first time a licensee of Channel 7 was able to cover a substantial portion of Puerto Rico.

The competition between the licensees of Channel 7 and Channel 11 during the late 1980's became intense, but mutually debilitating. The survival of both stations was in doubt, proving once again that Puerto Rico, with its unique telecasting

problems, would not foster the economic health of four full power television stations.

Malrite, recognizing an inevitable decline, merged in 1991 to form Estrella Brillante, Ltd. Co-Partnership, and thereby became the controlling entity of the Channel 11 licensee. Malrite assigned its license for Channel 7 (now WSTE(TV)) to Siete Grande Television, Inc. Estrella Brillante, as the licensee of WLII(TV), became successful within the past six years due largely to its innovative programming and local news coverage.

Siete Grande continued to struggle. Hence, Siete Grande and Estrella Brillante entered into a broadcast agreement for a portion of the broadcast day, thereby enabling WSTE(TV) to sustain itself as an additional local outlet in the market. The program service provided to WSTE(TV) by WLII(TV) allows "TeleOnce" to program and to now sell advertising for 57 hours per week. The program service hours are mainly devoted to the production and broadcasting of local sport events, minority programming, and international events of consequence, such as the 1996 Olympic Games. There is no program duplication and Siete Grande remains directly responsible for providing programming during the majority of its broadcast week. From time to time

Siete Grande has preempted "TeleOnce" programming in order to bring to its viewers programs it believes to be in the public interest. The broadcast agreement has provided Siete Grande with a consistent revenue base, while keeping costs down during brokered hours thus giving WSTE(TV) a better chance to survive, rather than to languish uncompetitively or possibly to have gone dark. Indeed, the agreement provides WSTE(TV) with an opportunity to advance into the approaching world of digital television. Without the agreement, it is doubtful that a financially declining Estrella Brillante could make the substantial investment required.

This limited brokerage arrangement has had significant public interest benefits. Most importantly it has guaranteed WSTE(TV)'s continuing ability to carry attractive, successful programs and achieve financial viability. Channel 7 has provided a vehicle that has allowed local producers to develop television shows that are directed to smaller audience groups. This, in turn, has provided chances for smaller vendors and retailers to advertise on WSTE(TV) in a manner that is affordable to them. Absent the "TeleOnce" agreement, these opportunities would be lost, for such entities have little chance to purchase time on other Puerto Rican television stations.

Puerto Rico is an island which is subject to violent tropical storms and hurricanes. "TeleOnce," during national emergencies, has distributed news, information and weather reports that have been broadcast by WSTE(TV) through the station's multiple transmitters to households that might otherwise have lost the ability to receive television service because of power failures affecting other stations.

Puerto Rico has less than 30% cable penetration. Its residents must, therefore, rely upon over-the-air television for emergency information and matters of particular local importance. The programming relationship between WLII(TV) and WSTE(TV) insures that both stations provide this service to a significant portion of the island.

Because of programming commitments, other stations are unable to schedule local sports and certain local events. WSTE(TV) is largely able to present long form programming because of its broadcast agreement with "TeleOnce". An example of such programming is "Fantasticclub de Remi", a daily childrens program aimed at developing learning skills. It is unlikely that Siete Grande could produce this program absent the resources derived from its broadcast agreement with "TeleOnce". In fact, the two stations are able to telecast far more programming of local



importance than any single station could in the absence of the broadcast agreement. Attached is a list of local sports events and other programs of public interest which the broadcast agreement has enabled Siete Grande to carry.

**SCHEDULE OF LOCAL SPORTS EVENTS**  
(With the televised performance of  
local athletes from Puerto Rico)

1.    BSN

The local Superior Basketball League. More than 60 games annually. Broadcast live from 16 island towns and municipalities.

2.    PR Professional Baseball

Broadcasting a minimum of 12 games annually of the Professional Baseball Winter League, featuring MLB players from Puerto Rico and other MLB players from the US and Latin America playing in different Baseball stadiums within the island.

3.    The Caribbean Baseball Championship (Serie del Caribe)

The "World Series" of the Latin America Baseball transmitted live in Puerto Rico and distributed via satellite to other participating countries.

4.    The 1996 World Cup of Track and Field televised live, with the participation of Puerto Rican and worldwide athletes. Signal from Puerto Rico distributed to several countries.

5.    Delayed and live of Olympics coverage from the Atlanta Games. In excess of 140 hours were televised, greater coverage then ever before in Puerto Rico. More than 90 hours were carried by WSTE(TV), alone.

## PROGRAMS OF "PUBLIC INTEREST"

1. Albergue Olimpico

A non-profit organization created and developed to provide sports and athlete training to young people of limited economic resources. Teleisla, the brokerage program service provides coverage to their special programs for fundraising.

2. Aquisanto Domingo (Dominican Republic, Listen!)

An orientation and entertainment program directed to the exiles coming from the sister island of Dominican Republic in search for a better future.

3. The Mita Congregation

A minority religious group that airs their local services through Teleisla, brokerage service.

4. Despierta Puerto Rico

News, interviews and entertainment, all local.

## **"De Tu a Tu" Con Lily"**

"De Tu a Tu" con Lily runs Monday through Friday from 4:00 p.m. to 5:00 p.m.

The program is based on interviews that provide the community with general information and is a forum to discuss problems of public importance. Examples are:

Jorge Martin	UFO's
Marimer Olazagasti	Recreación y Deportes - Olimpiadas 2004
Acamapitchli	Maestro Espiritual
Mercedes Rodriguez	Psicologia
Doctores Soltero & Galib	Medicina del Tercer Milenio
Dra. Myrna Candelario &	
Dr. Joser Rivera	La Depresión
Dra. Doris Knudson	Abuso Sexual en Niños
Dr. Radames Sierra	Osteosporosis
Keyshla Rolon	Reportera Impedida
Dr. Edwin Lopez	Acupuntura
Mildred Rivera	Dieta con Alimentos Vivos
Millie Gil	Astrologia
Dr. Hector Miranda	Neurologia
Velda Gonzalez	